

Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 PA-02 PRS-01 USIA-15

AID-05 CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 TRSE-00

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 /069 R

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R 051535Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY MEXICO

UNCLAS STATE 184286

E.O. 11652: N/A

TAGS: APUB, MX

PRESS RELEASE ON EXIMBANK CREDIT TO MEXICO

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 2,501,100 TO COMISION DE ELECTRICIDAD (CFE) OF MEXICO. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, WEDNESDAY AUGUST 6, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 2,501,100 SUPPORTS DOLS 5,558,000 SALE OF POWER EQUIPMENT TO MEXICAN COMPANY

TO HELP FINANCE A DOLS 5,558,000 SALE OF TWO MOBILE POWER GENERATOR UNITS TO COMISION FEDERAL DE ELECTRICIDAD (CFE) OF MEXICO, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS
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2,501,100. CFE IS AN AUTONOMOUS INSTITUTION OF THE GOVERNMENT

OF MEXICO WHICH PROVIDES MOST OF THE COUNTRY'S POWER NEEDS, EITHER DIRECTLY OR THROUGH ITS SUBSIDIARIES.

THE TWO MOBILE POWER GENERATOR UNITS WILL BE HOUSED IN TWO LARGE TRAILERS AND WILL PROVIDE A LOCALLY CONTROLLED MOBILE GENERATING FACILITY. CFE WILL INITIALLY UTILIZE THE UNITS FOR PEAK GENERATION AT MONTERREY.

THE U.S. SUPPLIER OF THE EQUIPMENT WILL BE UNITED TECHNOLOGIES INTERNATIONAL OF HARTFORD, CONNECTICUT. THE TRANSACTION WILL HAVE A FAVORABLE IMPACT ON THE U.S. ECONOMY, SINCE THE SUPPLIER HAS STATED THAT DOMESTIC ELECTRICAL GENERATING EXPANSION PROGRAMS HAVE BEEN CURTAILED AND THE COMPANY'S ABILITY TO EXPAND INTERNATIONAL SALES PROGRAMS IS EESSENTIAL TO THE EXISTENCE OF THEIR PRODUCT LINE. PRODUCTION OF THE GENERATOR UNITS IS EXPECTED TO INVOLVE SOME 180 JOBS IN THE HARTFORD AREA.

THE EXIMBANK CREDIT REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALE. CREDITS TOTALING DOLS 2,501,100 FROM HARTFORD NATIONAL BANK AND TRUST CO. AND THE PRIVATE EXPORT FUNDING CORPORATION WILL FINANCE ANOTHER 45 PERCENT OF THE U.S. COSTS, OF WHICH DOLS 1,667,400 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. CFE WILL MAKE CASH PAYMENT OF DOLS 555,800, REPRESENTING 10 PERCENT OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S CREDIT WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, COMBINE WITH THE ESTIMATED INTEREST FROM PRIVATE SOURCES BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO CFE OF 8.6 PERCENT TO 8.85 PERCENT PER ANNUM.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING APRIL 30, 1977, WITH EXIMBANK'S DIRECT CREDIT TO BE REPAID OUT OF THE LAST 8 INSTALLMENTS. REPAYMENT OF EXIMBANK'S CREDIT AND THE PORTION OF THE PRIVATE CREDIT WHICH IS GUARANTEED BY EXIMBANK, IS TO BE GUARANTEED BY NACIONAL FINANCIERA, S.A. UNQUOTE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 05 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE184286
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750270-0775
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750881/aaaactjb.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ellisoob
Review Comment: n/a
Review Content Flags:
Review Date: 02 DEC 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 DEC 2003 by MaustMC>; APPROVED <06 JAN 2004 by ellisoob>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: APUB, MX
To: MEXICO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006